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THE SITUATION WITH RESPECT TO CERTAIN ISLANDS OFF THE COAST OF MAINLAND CHINA

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 4 September 1954. Concurring were the Special Assistant Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

For the dissenting view of the Assistant Chief of Staff, G-2, Department of the Army, with respect to Chinese Communist intentions, see footnotes to paragraphs 11 and 12.

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THE SITUATION WITH RESPECT TO CERTAIN ISLANDS OFF THE COAST OF MAINLAND CHINA

THE PROBLEM

To estimate (a) Chinese Communist capabilities and intentions with respect to the off-shore islands occupied by the Chinese Nationalists; (b) the effects on Chinese Communist intentions of certain possible US courses of action with respect to these islands; and (c) the consequences under certain given conditions of successful Communist attacks on these islands.

ESTIMATE

I. THE CURRENT SITUATION

1. *The Nationalist Position.* The Chinese Nationalists, since withdrawing from the mainland in 1949, have maintained control of a number of islands off the southeast and east coast of China on which they have stationed regular or guerrilla forces.¹ From these islands Nationalist forces also exercise control over numerous unoccupied islands. The Nationalist-held islands fall into three main groups: the northern group (between 29-00 and 27-00 degrees north latitude) centered on Nan Chi Shan and the Tachen islands; the central group (between 27-00 and 25-30 degrees north latitude) centered on Matsu and White Dog islands; and the southern group (between 25-30 and 24-00 degrees north latitude) centered on Chinmen (Quemoy) island.

2. The occupied islands serve as outposts in the defense of Taiwan and the Pescadores. They serve as bases for Chinese Nationalist operations which include intelligence activities, escape and evasion, and raids on coastal traffic and on mainland targets. Moreover, the early warning site in the Tachens could serve to extend the US early warning capability for Okinawa.

3. At present the Chinese Nationalists maintain the following forces on the islands:

Tachens	- 10,000 regulars plus about 1,000 guerrillas. Other guerrillas on nearby islands number 3-4,000.
Nan Chi Shan	- 3,000 regulars plus 1,300 guerrillas.
Matsu and White Dog	- 5,000 regulars.
Chinmen (Quemoy)	- 43,000 regulars plus 11,000 guerrillas.

Regular forces on the Tachens, Matsu, and Chinmen (Quemoy) include about 15-20 percent of the Chinese Nationalist MDAP equipped units, which have high combat effectiveness ratings. In the event of Communist attacks, the ground forces could receive limited support from operational elements of the small Nationalist Navy and Air Force.²

4. Although the Nationalist garrisons on the northern and central islands are small, the

² Three destroyer escorts and 13 small patrol craft are based in the Tachens. Naval reinforcements for the Tachens or other islands would come from 2 destroyers, 6 DE's, and approximately 100 patrol craft now at Taiwan. Air support would depend entirely on Taiwan-based aircraft which now include 8 1/3 combat air groups. (At present the only jet aircraft available are a group of F-84G fighter-bombers and this group is still in a training status. The remaining combat groups are only 45 percent combat-effective.)

¹ See map at end of text.

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defense of these islands is aided by fortifications, by small beach areas, and by weather conditions unfavorable to amphibious movement and debarkation from October through March. Chinmen (Quemoy) has the most extensive fortifications, considerable AA, the largest garrison, and an operational airstrip; but the island is within range of Communist artillery on the mainland and on other islands around the seaport of Amoy. Any of the islands could be attacked by Chinese Communist airpower, although Communist air units as currently disposed offer no immediate threat to Chinmen (Quemoy).

5. *Recent Developments.* During the good weather period from May through August in 1953, the Chinese Communists occupied numerous undefended or lightly held islands in the northern and central groups. Some of the islands occupied at this time were later abandoned. A similar pattern of increased Communist activity along the coast and among the off-shore islands began in May 1954. The Communists have occupied several undefended islands within 20 miles of the Tachens, and the Nationalists have reported new troop and naval concentrations in the islands and along the coast near the Tachens, Matsu, Nan Chi Shan, and Chinmen (Quemoy). On 3 September 1954 the Chinmens (Quemoy) were heavily bombarded by Communist artillery and intermittent artillery fire continued on 4 September.

6. Although the pattern of Nationalist and Chinese Communist operations in the northern group this year has been similar to 1953, the scale of these operations has been larger and has included Chinese Communist employment of MIG-15's as air cover in landing operations. These activities probably reflect an improvement in both Nationalist and Communist capabilities, and an increased willingness on the part of the Nationalist Navy and Air Force to engage the enemy. Beginning in June and increasing in intensity since the end of the Geneva Conference there has been a Communist propaganda campaign involving pledges by high-level leaders in Peiping to "liberate" Taiwan and the off-shore islands and warnings that if anyone "dares to interfere in our internal affairs, they must take

upon themselves all the grave consequences of such acts of aggression." In the past three weeks the Chinese Communist "liberation" theme has also been given prominent treatment in the leading Moscow papers, but without independent commentary.

II. CHINESE COMMUNIST CAPABILITIES AND INTENTIONS WITH RESPECT TO THE OFF-SHORE ISLANDS

A. Factors Affecting Chinese Communist Intentions

7. *Chinese Communist Capabilities.* In the area between Shanghai and Canton the Chinese Communists have long had sufficient troops and means of improvising amphibious lift to overwhelm within a few days after the commencement of an assault any one of the Nationalist islands, except Chinmen (Quemoy), against Nationalist opposition only, although some of the operations would probably involve substantial losses. In the case of Chinmen (Quemoy), which is well defended by at least 3 selected Nationalist divisions, the assault would require completion of the assembly and subsequent movement of about 150,000 men. A successful assault would be far more difficult and time-consuming and would involve particularly heavy losses. Chinese Communist capabilities have been increased in recent months by the movement of experienced armies from Korea into the region between Shanghai and Canton, by the southward deployment of jet fighter units from Manchuria since the end of the Korean war, and by some limited amphibious training. However, there has been no great increase in troop strength, which now stands at about 425,000. Chinese Communist air power is now sufficient, if committed, to gain air superiority over the Nationalist air force in the area of the islands and to make Nationalist naval support operations costly.

8. *Other Considerations.* The Chinese Communists regard the off-shore islands as integral parts of China. They look upon the Nationalist occupation as an infringement of Communist sovereignty and refer to it as an affront to Communist China's honor. There is no doubt that the Communist objective is

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to take over the islands at some time, and that they look upon such action as an essential part of the consolidation of the control of all China.

9. Up to this time the Communist failure to exercise their capabilities to take the principal Nationalist-garrisoned off-shore islands has probably been due to the following considerations:

a. Communist preparations for an invasion in 1950 were frustrated by the Korean war, the subsequent US intervention in Korea, and the US guarantee to defend Taiwan, backed by the presence in the western Pacific of strong US naval and air forces.

b. In Peiping's view the threat posed by the Nationalist forces on the islands and the value of the islands themselves may have been insufficient to justify the military costs of taking the islands. The Communists do not have experience with or adequate equipment for major joint amphibious operations and they may feel that even against Nationalist opposition their losses would be relatively large.

c. Peiping may have estimated for some time that an attempt to take the islands garrisoned by regular Nationalist forces would involve risk of war with the US. This risk has almost certainly been increased in Peiping's view by recent US actions, particularly the visit of US naval elements to the Tachens, and by the remarks of the Secretary of State during his press conference on 24 August 1954.

10. However the following considerations may cause Peiping seriously to consider early attacks against the Nationalist-occupied islands:

a. Peiping may feel that the time is opportune for a further step toward achieving its objectives in light of recent Communist successes in Indochina and of divergence of views among non-Communist countries with respect to Far Eastern issues.

b. Recent Nationalist blockade efforts have greatly hampered the movement of seaborne cargo from Europe to North China. Although the capture of the off-shore islands would not, by itself, relieve the blockade of ocean shipping, it would afford a greater degree of security to coastal traffic.

c. Peiping's recent propaganda takes note of a possible formal US guarantee of the islands and Peiping may desire to move in before any such guarantees are put into effect.

d. The Communists may desire to seize some of the Nationalists-occupied islands to lend credence to their current threats to invade Taiwan or as a preliminary to such an invasion.

e. The Communists may feel that attacks on the off-shore islands could serve to aggravate differences between the US and its allies. Although apprehensive about undertaking large-scale attacks, the Communists may initiate small attacks designed to incite local US armed reaction, which could then be put formally before the UN as a case of US aggression and of US interference in the internal affairs of China. The Communists might estimate that this would exacerbate relations between the US and such states as the UK and India over China policy, and possibly deter the US from extending a long-range commitment to Chiang Kai-shek.

B. Probable Chinese Communist Intentions

11. We believe that Peiping presently estimates that an all-out effort to take the major Nationalist occupied offshore islands might well involve a substantial risk of war with the US, and that this risk will continue so long as sizeable US forces are maintained in the western Pacific and so long as the Chinese Communists believe that these forces may be used to support the Nationalist position on the offshore islands.³

³ The Assistant Chief of Staff, G-2, Department of the Army, believes that paragraph 11 should read as follows: "We believe that Peiping presently estimates that efforts to take the Nationalist occupied off-shore islands would involve a risk of war with the US. The Communists probably will continue to feel that this risk exists so long as sizeable US forces are maintained in the western Pacific, and so long as US policy to support Nationalist China remains unchanged. We believe that the Chinese Communists desire to avoid war with the US. However we believe that in spite of the Communist feeling that risk of war will be involved, they are likely to attempt to seize some of the Nationalist-occupied islands."

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12. Nevertheless, we believe that the Chinese Communists will be increasingly willing to undertake probing actions designed to test US intentions. They will probably conduct raids against the defended islands, occupy adjacent islands, and increase air, naval, and artillery activities. If such actions encounter no appreciable US counteraction, the Chinese Communists will probably increase the scale of their attacks even to the extent of attempting to seize major off-shore islands occupied by the Nationalists. The Chinese Communists will also attempt to take advantage of any involvement of US forces in incidents in the area so as to provide a source of propaganda material for further vilification of the US. The Communists will accompany these activities with a continued propaganda and diplomatic offensive designed to irritate US-allied relations and diminish prospects of an anti-Communist coalition in Asia, enhance the prestige of the Chinese Communists among Asian nations, and bring about a deterioration of the US position in Asia.

III. EFFECTS OF A US GUARANTEE OF THE DEFENSE OF THE OFF-SHORE ISLANDS

13. Peiping's propaganda has consistently indicated that it regards the US as involved in the defense of the off-shore islands. Any US guarantee would be regarded by the Chinese Communists as further evidence of the permanent hostility of the US and as a further infringement of their territorial rights. The Chinese Communists would regard a unilateral US extension of the present promise to defend Taiwan as less of an affront than a guarantee which was part of a formal mutual defense pact. The latter would be considered by the Chinese Communists not only as a US underwriting of the defense of Taiwan and the islands but also as added evidence of a US determination to guarantee the continued existence of the National Government.

14. However, in the eyes of the Chinese Communists the difference between these two possible forms of US guarantee would be one of degree and would probably have no substantial effect on their own immediate policy with respect to the islands. We believe that

they would continue to be deterred from an all-out attempt to seize the major islands by the prospect of US counteraction, which the US guarantees would have transformed into a virtual certainty. We believe that Chinese Communist policy with respect to the islands would continue substantially as described in paragraphs 11 and 12 above, i.e., the Communists, while initially refraining from major invasions of the islands held by regular Nationalist forces, would continue efforts to test US intentions. Maximum propaganda exploitation of the US move would, of course, be undertaken by the Communists.⁴

15. If the US guarantee by its terms included all the Nationalist-controlled islands, or alternatively, if it were indefinite in scope, the Chinese Communists might feel that the US did not actually intend to defend all of the islands, and they might attempt to seize certain minor islands in an effort to test US intentions and to discredit the US. If the US guarantee were restricted to specific islands, the Chinese Communists might then proceed to occupy such of the other islands as they considered would give them strategic or propaganda advantage.

16. Concurrent imposition of restraints on Nationalist use of the islands for offensive actions would have no material effect on Chinese Communist reactions. Peiping would have little confidence in the good faith of US imposed restraints.

17. A US guarantee of the off-shore islands would be considered ill-advised and provocative.

⁴ The Assistant Chief of Staff, G-2, Department of the Army, believes that paragraph 14 should read as follows: "However, in the eyes of the Chinese Communists, the difference between these two possible forms of US guarantees would be one of degree and would probably have no substantial effect on their own immediate policy with respect to the islands. We believe that they would not be deterred from an attempt to seize some of the islands by the prospect of US counteraction, which a US guarantee would transform into a virtual certainty. We believe Chinese Communist policy with respect to the islands would continue substantially as described in paragraphs 11 and 12 above. Maximum propaganda exploitation of the US move would, of course, be undertaken by the Communists."

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ative by the UK and India. Thus it would sharpen the fundamental differences in Far East policy between the US and those countries. It would cause uneasiness in Japan, which would fear that it increased the likelihood of war in the Far East. A US guarantee would encourage the governments of the ROK, the Philippines, and Thailand. Such reactions would probably have little net effect on present prospects for cooperative action for mutual defense in Asia, a subject on which most countries in the area are now to a substantial degree committed. On the other hand, these reactions would considerably hamper the attainment of US political objectives in certain countries of the area. Concurrent imposition of restraints on the Chinese Nationalists would not materially alter the reactions described above.

IV. CONSEQUENCES OF CHINESE COMMUNIST OCCUPATION OF THE MAJOR OFFSHORE ISLANDS GARRISONED BY NATIONALIST TROOPS.

18. *Without a formal guarantee of the islands.* In the absence of a formal guarantee, Chinese Communist action to seize the islands would be taken in an atmosphere of uncertainty as to US intentions. The fall of the islands would have significance beyond the military importance of the islands themselves. Nationalist morale would fall, Nationalist guerrilla activities would be reduced in scale, the will to defend Taiwan and the Pescadores would be reduced, and the declining international prestige of the National Government would be further impaired. Korea would express great concern at the turn of events. Japan, the UK, and Western Europe would generally be relieved that no crisis had developed. Southeast Asian governments, including that of the Philippines, would not place great importance on the loss of the islands.⁵ There

⁵ The Deputy Director for Intelligence, The Joint Staff; the Director of Naval Intelligence; and the Director of Intelligence, USAF, would add: "but they would tend to interpret US inaction as a demonstration of irresolution."

would be some loss of US prestige. On the other hand, the prestige of the Chinese Communist government would be enhanced both at home and abroad.

19. The Communists would exploit the occupation of the islands as evidence of their determination to "liberate" Taiwan and as a victory over the US. They would be uncertain, however, of the significance of the lack of US intervention. They would probably continue probing actions designed further to test US intentions. On balance, we do not believe that lack of US action in defense of the islands would by itself lead the Communists to assault Taiwan in the face of US commitments.⁶

20. In the political warfare field the Chinese Communists would fully exploit their capture of the islands in propaganda directed at Japan, Taiwan, Southeast Asia, and the world at large. They would further stress their claim of being the only rightful government of China, and their position with regard to admission to the UN.

21. *Subsequent to a US Guarantee.* If the islands should fall to the Communists after the US Government had guaranteed their defense, this would mean that the US Government had failed to back up its guarantee with force or had been unwilling to commit force adequate to defeat the Communist attack.⁷ The adverse effects on the Nationalist Government described in paragraph 18 would be greatly intensified and US prestige throughout the Far East would suffer a serious blow. Japan would probably reappraise its US alignment, and non-Communist states in Southeast Asia would question seriously the willingness and ability of the US to back up defense commitments in that area.

22. The Communists would exploit the failure of the US to fulfill its commitments, particu-

⁶ The Deputy Director for Intelligence, the Joint Staff, believes that the lack of US action in the defense of these islands might encourage the Chinese Communists to initiate attacks on Taiwan/Pescadores.

⁷ The discussion in paragraphs 21 and 22 is based on the assumption that the US has not exercised its military capability to recapture the islands.

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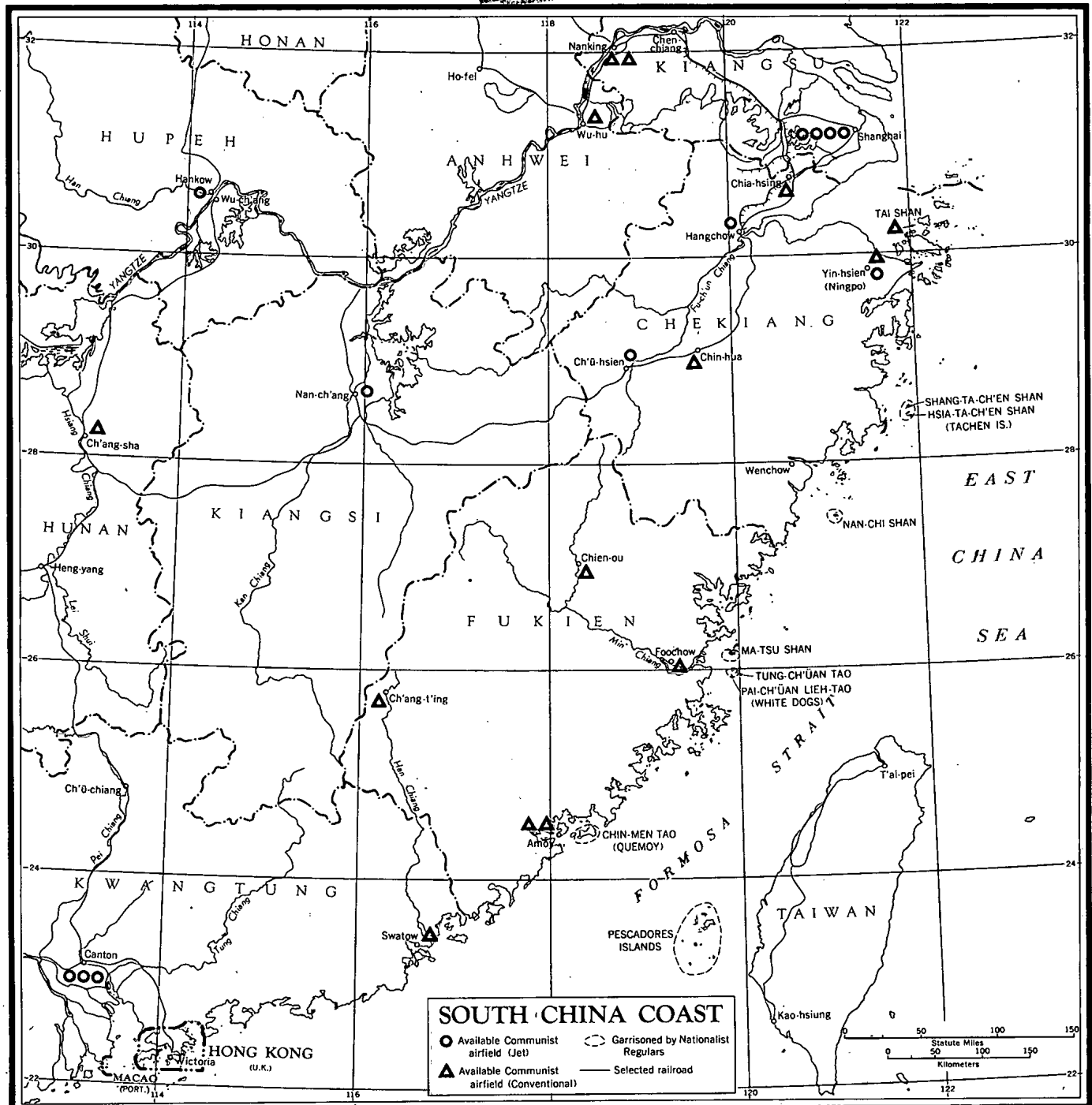
larly in propaganda and psychological warfare directed at Japan, Taiwan, Southeast Asia, and even Western Europe. The Chinese Communists would feel that the risks of vio-

lations of the armistice agreements in Indochina had been lessened considerably. Communist naval and air actions would probably be stepped up in the Taiwan straits.

NOTE

The Deputy Director for Intelligence, The Joint Staff, feels that this estimate is not complete without some examination of the consequences of a Chinese Communist failure in an attempt to capture a US-guaranteed major off-shore island(s). Such a failure would have important political and psychological effects in the Far East, particularly because it would constitute "loss of face." On the other hand, the US, through its guarantee would have "made face" in the Orient.

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